



Bank of us.

Tasmania | Community | Customer

Financial Statements

2025/2026

Bank of us is a trading name of B&E Ltd ABN 32 087 652 088
AFSL & Australian Credit Licence 236870.



DIRECTORS' REPORT

For the year ended 30 June 2026

The Directors of B&E Ltd (trading as 'Bank of us') present their report, together with the financial statements of the Consolidated Entity, being B&E Ltd (the 'Company') and its controlled entities (together, the 'Group') for the financial year ended 30 June 2026.

Information on Directors

The Directors of the Company in office at any time during or since the end of the year are:

Helen GALLOWAY, BCom BIS FCPA GAICD (Chair)

Ms Galloway is currently Chair of The Star Sydney and a Director of Hydro Tasmania and Hockey Australia. She serves as Chair of the Board Audit Committee for these organisations. Previously she has held senior executive roles at large corporate organisations with industry experience in tourism, hospitality, gaming, retail and entertainment.

Ms Galloway was appointed Chair in October 2022 and has been a Director since November 2019. She is the Chair of the Board Remuneration Committee and Chair of the Board Corporate Governance Committee.

Kathryn McCANN, BCom BA

Ms McCann is the Chief Marketing Officer for the Tasmania Football Club and is also Chair of Brand Tasmania. Ms McCann has previous senior executive experience across the public, private and not-for-profit sectors.

Ms McCann was appointed as a Director in November 2021. She is a current member of the Board Audit Committee, Board Corporate Governance Committee and Board Risk Committee.

Robert KING, BSc MBA GAICD

Until April 2017 Mr King was the Chief Executive Officer of Intech Bank and a Group Executive of Bank Australia, one of Australia's leading mutuals. Over a thirty-year career he has worked in senior leadership roles for a range of banking institutions including ME Bank, Citibank, Rothschild and Newcastle Permanent Building Society.

Mr King was appointed as a Director in November 2017. He is Chair of the Board Risk Committee.

Mark NUGENT, BCom CPA GAICD

Mr Nugent is Chief Financial Officer and Corporate Services Manager of Fairbrother Pty Ltd. He is also a Director of Lifeline Tasmania, Fairbrother Pty Ltd, Degree C Pty Ltd and several other Fairbrother related entities. He has more than 25 years of experience in management, accounting and administration in both the private and public sectors.

Mr Nugent was appointed as a Director in February 2012 and is a member of the Board Remuneration Committee and the Board Corporate Governance Committee.



DIRECTORS' REPORT (continued)

For the year ended 30 June 2026

Danny McCARTHY, BEc FCA

Mr McCarthy was a specialist auditor and advisor to Financial Services and other clients over a career in the Accounting profession over 45 years. He was a Partner of WLF Accounting and Advisory from 1989 until December 2022. He is a fellow of Chartered Accountants Australia and New Zealand.

Mr McCarthy was appointed as a Director in October 2023 and is a member of the Board Risk Committee and Chair of the Board Audit Committee.

Laura McBAIN, Bcom

Laura is an experienced CEO, Managing Director and Non-Executive Director with extensive leadership experience across listed companies, infrastructure and customer-focused brands. She is also a former Telstra Australia Business Woman of the year recipient.

Ms McBain was appointed as a Director in October 2025 and is a member of the Board Risk Committee and the Board Audit Committee.

Scott NEWTON, BBus (L.Ec) FAPI CPV GAICD

Mr Newton is Head of Elders Property in Tasmania and was previously CEO of Knight Frank Tasmania. He has worked in the property industry for over 35 years and previously served as the National Director of Opteon Property Group and State President of the Australian Property Institute.

Mr Newton was a Director from October 2014 until retirement from the Board in October 2025. Mr Newton served as Chair for two years from 2020 to 2022 and was most recently a member of the Board Corporate Governance Committee and Board Remuneration Committee.

COMPANY SECRETARY

Sarah-Jayne HALL BA, LLB, GAICD

Ms Hall joined the Company in September 2023 and also holds the position of General Counsel. Ms Hall has extensive corporate and finance law experience both domestically and internationally and currently serves on the University of Tasmania Council.

	BOARD OF DIRECTORS MEETINGS		MEETINGS OF COMMITTEES							
			Risk		Audit		Remuneration		Corporate Governance	
Meetings held:	10		4		4		3		3	
Attended by	Eligible to attend	No. attended	Eligible to attend	No. attended	Eligible to attend	No. attended	Eligible to attend	No. attended	Eligible to attend	No. attended
H Galloway	10	10	-	-	-	-	3	3	3	3
S Newton	2	2	-	-	-	-	1	1	1	1
K McCann	10	9	1	1	3	3	-	-	3	3
R King	10	10	4	4	1	-	2	2	-	-
M Nugent	10	10	-	-	1	1	3	3	2	2
D McCarthy	10	9	4	3	4	4	-	-	-	-
L McBain	8	8	3	2	3	3	-	-	-	-

DIRECTORS' REPORT (continued)

For the year ended 30 June 2026

Principal Activities

The principal activities of the Group during the course of the financial year remained unchanged and were the provision of financial services to clients through a range of saving, investment, loan and insurance products.

Operating Results

Consolidated profit for the financial year, after providing for income tax, was \$6,065,281 (2025: \$5,862,631)

Significant Changes in Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Review of Operations

The year under review recorded strong results in all areas of business operations with another year of strong improvement in loans, with loan approvals of \$507.8 million during the year (2025: \$501.0 million) while the total loan portfolio grew by \$161.2 million (2025: \$241.6 million) to \$1,847.8 million (2025: \$1,686.7 million). Bank of us is currently accredited by the Tasmanian Government to provide lending services under the MyHome Shared Equity Program. During the year this program contributed \$127.5 million of loan approvals (2025: \$135.2 million).

Profit before income tax for the year was \$8.6 million (2025: \$8.5 million). The profit result for the year was supported by strong loan book growth and increases in cash rate target by Reserve Bank of Australia.

Total assets increased 8.9% to \$2,197 million (2025: increased 16.4% to \$2,019 million). At 30 June 2026 the Group's market share of owner-occupied home lending by dollar value in Tasmania had decreased to 12.8% (2025: 13.5%).

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments

The Group is currently undergoing a review of systems that are in place to support delivery of products and services to members, including a review of the core banking system. At signing date the Group is working through detailed planning to ensure that any changes allow for an uplift in offerings to customers and strengthening of other systems and processes internally.



DIRECTORS' REPORT (continued)

For the year ended 30 June 2026

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and Insurance of Officers and Auditors

The Directors and Officers of the Group have been indemnified against personal losses arising from their respective positions within the Group.

The Group has the benefit of a Directors' and Officers' Insurance policy. In accordance with common commercial practice the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

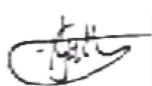
No liability has arisen under these indemnities as at the date of this report.

The Group has not provided any insurance for the auditor.

Auditor's Independence

An Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* has been received by the Directors, and a copy of the declaration is set out on page 59.

Signed in accordance with a resolution of the Directors



Helen Galloway

Chair

B&E Ltd

Signed on 29 September 2026



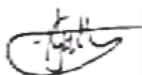
DIRECTORS' DECLARATION

For the year ended 30 June 2026

In the opinion of the Directors of B&E Ltd:

- a. the financial statements and notes of B&E Ltd are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2026 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. there are reasonable grounds to believe that B&E Ltd will be able to pay its debts as and when they become due and payable.
- c. the financial statements comply with International Financial Reporting Standards.
- d. the information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the Directors:



Helen Galloway

Chair

B&E Ltd

Signed on 29 September 2026



Financial Statements

For the year ended 30 June 2026

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Notes	2026 \$	2025 \$
Interest revenue	3	111,578,290	107,171,637
Interest expense	3	(70,727,647)	(68,873,440)
Net interest income		40,850,643	38,298,197
Non-interest income	4	3,825,332	3,280,601
		3,825,332	3,280,601
Non-interest expenses			
Fees and commission expense		(4,457,434)	(4,109,724)
Loans and advances impairment expense		(50,426)	(288,242)
Marketing expense		(889,319)	(1,184,545)
Employee expense	5	(20,300,967)	(18,673,645)
Communications and information technology expense		(2,764,257)	(2,791,320)
Occupancy expense		(3,491,420)	(2,109,517)
Administrative expense		(4,122,626)	(3,877,320)
		(36,076,449)	(33,034,313)
Profit before income tax		8,599,526	8,544,485
Income tax expense	6	(2,534,245)	(2,681,854)
Profit after income tax		6,065,281	5,862,631
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain / (Loss) on revaluation of land and buildings		-	(246,549)
Income tax attributable to revaluation of land and buildings		-	73,965
Gain/(losses) on other investments		57,243	-
Income tax attributable to (gain)/loss		(17,173)	-
		40,070	(172,584)
TOTAL COMPREHENSIVE INCOME		6,105,351	5,690,047

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2026

Notes	2026 \$	2025 \$
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ASSETS

Cash	7	129,124,007	116,632,325
Trade and other receivables	8	1,631,991	1,348,036
Current tax assets	17(a)	-	507,156
Investment securities	9	200,317,790	189,750,312
Customer loans and advances	10	1,847,898,463	1,686,700,359
Assets held for sale	11	3,572,076	8,687,500
Prepayments		1,129,187	906,731
Other investments		-	270,170
Property, plant and equipment	12	5,181,155	5,362,367
Right-of-use assets	18	6,505,558	7,107,455
Deferred tax assets	17(a)	1,542,357	1,299,666

TOTAL ASSETS

2,196,902,584 2,018,572,077

LIABILITIES

Deposits from customers	13	1,547,415,336	1,432,865,913
Trade and other payables	14	25,722,533	26,619,805
Deposits from wholesale investors	15	486,856,745	432,696,177
Employee benefits provisions	16	3,516,918	3,219,542
Current tax liabilities	17(b)	385,592	-
Lease liabilities	18	6,754,700	7,094,241
Other provisions		759,221	679,845
Borrowings	19	10,000,000	5,000,000
Deferred tax liabilities	17(b)	199,425	1,209,791

TOTAL LIABILITIES

2,081,610,470 1,909,385,314

NET ASSETS

115,292,114 109,186,763

EQUITY

Reserves		115,292,114	109,186,763
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TOTAL EQUITY

115,292,114 109,186,763

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

Notes	Retained earnings \$	Asset revaluation reserve \$	General reserve \$	Credit asset impairment reserve \$	Financial asset reserve \$	Total \$
	-	-	109,056,910	-	129,853	109,186,763
	6,065,281	-	-	-	-	6,065,281
	-	-	-	-	40,070	40,070
	(6,065,281)	-	6,235,204	-	(169,923)	-
20	-	-	115,292,114	-	-	115,292,114

Notes	Retained earnings \$	Asset revaluation reserve \$	General reserve \$	Credit asset impairment reserve \$	Financial asset reserve \$	Total \$
	-	3,120,494	97,900,856	2,345,513	129,853	103,496,716
	5,862,631	-	-	-	-	5,862,631
	-	(172,584)	-	-	-	(172,584)
	(5,862,631)	-	5,862,631	-	-	-
	-	-	(119,144)	119,144	-	-
	-	-	2,464,657	(2,464,657)	-	-
	-	(2,947,910)	2,947,910	-	-	-
20	-	-	109,056,910	-	129,853	109,186,763

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows
For the year ended 30 June 2026

Notes	2026 \$	2025 \$
Cash flows from operating activities:		
Interest received	111,347,666	107,214,970
Interest paid	(71,861,727)	(65,300,605)
Payments to suppliers	(13,338,313)	(12,449,720)
Other receipts	3,772,001	3,280,601
Payments to employees	(20,003,591)	(18,279,454)
Income taxes paid	(2,911,727)	(4,225,825)
22(a)	7,004,309	10,239,967
<i>Movements in operating assets and liabilities</i>		
Net movement in loans and advances	(161,248,530)	(241,891,705)
Net movement in wholesale deposits	54,160,568	98,094,195
Net movement in customer deposits	114,549,423	172,020,009
Net movement in investment securities	(10,567,478)	(19,588,226)
22(a)	3,898,292	18,874,240
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of assets held for sale	4,900,000	-
Acquisition of property, plant and equipment	(853,013)	(2,324,785)
Net cash provided by/(used in) investing activities	4,046,987	(2,324,785)
Cash flows from financing activities:		
Proceeds from borrowings	5,000,000	-
Repayment of lease liabilities	(453,597)	(401,361)
Net cash provided by/(used in) financing activities	4,546,403	(401,361)
Net increase/(decrease) in cash	12,491,682	16,148,094
Cash at beginning of year	116,632,325	100,484,231
7 Cash at end of year	129,124,007	116,632,325

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2026

1 Material Accounting Policy Information

(a) Reporting entity

B&E Ltd (the 'Company' trading as 'Bank of us') is a company limited by shares and guarantee, incorporated and domiciled in Australia. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These consolidated financial statements ('financial statements') comprise B&E Ltd, the ultimate parent company and its subsidiary (together, the 'Group'). The Group is primarily involved in retail banking.

(b) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards ('AASBs') and interpretations adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements of the Group also comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The financial statements were authorised for issue by the Directors on 29 September 2026.

(c) Basis of preparation

The financial statements are presented in Australian dollars.

The financial statements are prepared on an accrual basis and are based on historical costs unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(d) Basis of consolidation

The consolidated entity's financial statements report the assets, liabilities and results of the Company and its controlled entities for the financial year.

RBA repurchase securitisation trust consolidation

The Company initiated the creation of a Trust on 25 July 2018, which holds rights to a portfolio of secured loans to enable the Company to secure funds from the Reserve Bank of Australia, if required, to meet emergency liquidity requirements. The Company continues to manage these loans and receives all residual benefits from the trust and bears all losses should they arise. Accordingly:

- a) the Trust meets the definition of a controlled entity; and
- b) as prescribed under the accounting standards, since the Company has not transferred all risk and rewards to the Trust, the assigned loans are retained on the books of the Company and not de-recognised.

The Company has elected to present one set of financial statements to represent both the Company and the consolidated group on the basis that the impact of consolidation is not material to the Company.

The subsidiary member of the Group is known as the Tamar Trust Repo Series No 1 ('Tamar Trust').



Notes to the Financial Statements

For the year ended 30 June 2026

1 Material Accounting Policy Information (continued)

(e) New accounting standards

New accounting standards not yet mandatory

AASB 18 *Presentation and disclosure in Financial Statements*

Aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. AASB 18 supersedes AASB 101 *Presentation of Financial Statements*. The standard will change how companies present their results on the face of the income statement and disclose information in the notes to the financial statements. There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures. The Group is continuing to assess the presentation and disclosure impact of adopting AASB 18. AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027 and will first apply to the Group for the year ended 30 June 2028.

AASB sustainability reporting standards

The Australian climate related financial disclosure legislation received Royal Assent in September 2024, under the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* ("Act"). Following this enactment the AASB introduced the first set of Australian Sustainability Reporting Standards (ASRS). These standards include:

AASB S1 *General Requirements for Disclosure of Sustainability related Financial Information*: A voluntary standard that provides entities with a framework for disclosing sustainability related financial information in a consistent and comparable manner, and

AASB S2 *Climate-Related Disclosures*: A mandatory standard requiring entities to disclose detailed information to enable the users of financial statements to understand the reporting entity's governance, strategy, risk management, metrics, and targets in relation to climate related risks and opportunities.

The Act requires the Group to commence reporting in the financial year ending 30 June 2028 as a group 3 entity.

With the growing importance of sustainability related disclosures the Group is continuing to assess and prepare for future sustainability and climate related reporting obligations.

There are no other new accounting standards or interpretations expected to have any significant impact on the Group's financial report that are issued and not yet applicable. Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

New accounting standards applicable for the current year

The Group has adopted all standards which became effective during the year ending 30 June 2026. The adoption of these standards has not caused any material adjustments to the reported financial position, performance, or cash flow of the Group.



Notes to the Financial Statements

For the year ended 30 June 2026

1 Material Accounting Policy Information (continued)

(f) Goods and services tax

As a financial institution, the Group is input taxed on all income, except for income from commissions, rents and some fees. Input taxed supplies are not subject to GST, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis, using the safe harbour apportionment rate of 18% adopted per Practical Compliance Guide 2017/15 from 1 July 2017. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

(g) Registered office

The Group's head office relocated from 87 Brisbane Street, Launceston Tasmania 7250 to Level 4, 89-93 Cimitiere Street, Launceston Tasmania 7250 from 28 July 2025.

2 Accounting estimates and judgements

The preparation of financial statements in accordance with Australian Accounting Standards requires the exercise of judgement in the selection and application of accounting policies, as well as certain estimates and assumptions that affect amounts reported in the financial statements.

Areas of the financial statements involving a higher degree of judgement or complexity, or areas where reliance on estimates or assumptions are significant include:

- estimates and judgement when applying the Group's accounting policies with respect to the measurement of ECL allowance (refer note 10);
- assets held for sale valuation assumptions used in the calculation of fair value less costs of sale (refer to note 11); and
- estimation of lease terms and determination of the appropriate rate to discount lease payments as well as costs to make good of leased premises (refer to note 18).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported.



Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

3 Interest revenue and expense

Interest revenue

Financial assets at amortised cost

Customer loans and advances	98,662,973	93,954,729
Placements with other financial institutions	8,187,015	8,277,575
Cash at bank and at call deposits	4,728,302	4,939,333

Total interest revenue

111,578,290	107,171,637
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Interest expense

Deposits	69,672,740	68,198,657
Lease liabilities	436,616	335,325
Borrowings	618,291	339,458

Total interest expense

70,727,647	68,873,440
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Net interest income

40,850,643	38,298,197
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Accounting policy

Interest revenue and interest expense

Interest revenue arising from at call deposits, term deposits, negotiable certificates of deposit, overdrafts and floating rate notes, and interest expenses arising from member deposits, interest bearing liabilities is recognised in profit or loss using the effective interest rate method under AASB 9 *Financial Instruments*.

4 Non-interest income

Revenue from contracts with customers

Transaction fees	1,372,742	1,343,564
Loan fees	604,968	534,715
Insurance and other commission	783,897	691,303

Total revenue from contracts with customers

2,761,607	2,569,582
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Other income

Rental income	277,448	380,548
Gain on disposal of assets held for sale	340,000	-
Bad debts recovered	26,799	27,247
Vendor incentive income	-	200,000
Other revenue	419,478	103,224

Total other income

1,063,725	711,019
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Total non-interest income

3,825,332	3,280,601
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Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

5 Specific expenses

Depreciation and amortisation

Plant and equipment	468,155	403,113
Owner occupied buildings	-	61,177
Leasehold improvements	273,520	76,738
Right-of-use assets	719,629	560,367
	<u>1,461,304</u>	<u>1,101,395</u>

Personnel costs

Long service leave	148,946	158,157
Annual leave	1,376,737	1,215,388
Superannuation contributions	1,873,353	1,706,064
Salaries and wages	15,198,648	13,946,096
Payroll tax	1,056,390	998,429
Other	646,893	649,511
	<u>20,300,967</u>	<u>18,673,645</u>

Non-lending losses

Fraud from payment channels	<u>38,329</u>	<u>31,107</u>
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Property, plant and equipment expenses

Loss on revaluation of investment properties	-	155,001
Increase of selling cost provision	-	100,000
Impairment of asset held for sale	623,240	-
Loss on disposal of plant and equipment	312,805	7,175
	<u>936,045</u>	<u>262,176</u>

6 Income tax expense

The components of tax expense comprise:

Current tax expense	3,903,101	3,008,216
Deferred tax expense	(1,253,057)	(326,362)
Prior year income tax adjustment	(115,799)	-
	<u>2,534,245</u>	<u>2,681,854</u>

Reconciliation of income tax expense

Prima facie tax payable on profit before income tax at 30% (2025: 30%)	2,579,858	2,563,346
Tax effect of:		
- prior year income tax adjustment	(115,799)	-
- non-deductible expenses	11,097	12,707
- other temporary differences	59,089	105,801
	<u>2,534,245</u>	<u>2,681,854</u>

Accounting policy

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date. At 30 June 2026 this rate was 30% (2025: 30%).

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

7 Cash

Cash on hand	1,935,464	1,642,673
Cash at bank and at call deposits	127,188,543	114,989,652
Total Cash	129,124,007	116,632,325

Accounting policy

Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits held at call with banks net of bank overdrafts. Where bank overdrafts are held, they are shown within borrowings on the Statement of Financial Position.

Cash and cash equivalents comprises deposits held at call with other financial institutions. All other deposits, including those with original maturity of less than three months, are treated as investment securities.

8 Trade and other receivables

Trade and other receivables	292,631	239,300
Accrued interest receivable	1,339,360	1,108,736
Total Trade and other receivables	1,631,991	1,348,036

9 Investment Securities

Investment securities measured at amortised cost

Deposits with other financial institutions	10,963,574	9,000,000
State government bonds	48,536,889	17,947,527
Bank bills and negotiable certificates of deposit	140,817,327	162,802,785
Total investment securities	200,317,790	189,750,312

Credit quality

The Group uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposures, where applicable, using the credit quality assessment scale in APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*.

The exposure values associated with each credit rating level (long term credit ratings) for Authorised Deposit-taking Institutions (ADI's) are as follows:

ADI's rated credit rating grade 1	48,536,889	17,947,527
ADI's rated credit rating grade 2	25,710,732	26,711,761
ADI's rated credit rating grade 3	118,070,169	136,091,024
ADI's unrated	8,000,000	9,000,000
Total investment securities	200,317,790	189,750,312

Accounting policy

Investment securities

Term deposits, bank bills, semi-government investments and negotiable certificates of deposit are held at amortised cost, using the effective interest rate method.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

10 Customer loans and advances

Overdrafts and revolving credit facilities	5,806,012	6,401,975
Personal loans	14,487,193	15,110,527
Commercial loans	30,432,765	36,501,200
Residential loans	1,794,828,361	1,626,681,032
Gross loans and advances	1,845,554,331	1,684,694,734
Provision for expected credit losses	(171,789)	(169,627)
Net loans and advances before deferred fees and costs	1,845,382,542	1,684,525,107
Deferred break fees	(123,400)	(42,639)
Deferred broker costs	3,010,270	2,557,954
Deferred loan application fees	(370,949)	(340,063)
Net loans and advances	1,847,898,463	1,686,700,359

Loans and advances are measured at their amortised cost using the effective interest rate method. The accounting policy for loans and advances is included in note 24.

(a) Concentration of risk

Exposure to groupings of individual loans which concentrate risk within particular geographical segments are as follows:

- Tasmania	1,793,720,411	1,619,970,925
- Other Australian States	51,833,920	64,723,809
Gross loans and advances	1,845,554,331	1,684,694,734

The Group does not have any significant exposure to any particular industry sectors or other groupings of customers, other than the loans that are predominantly for residential housing purposes.

The loans above do not include any loans to individual clients representing 10% or more of total loan assets.

(b) Securitised loans

The value of securitised loans which are not qualifying for derecognition as the conditions do not meet the criteria in AASB 9

363,361,550	362,103,263
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(c) Security held against loans and advances

Secured by mortgage over residential property	1,797,700,358	1,628,856,284
Secured by mortgage over commercial property	30,432,765	36,501,200
Total loans and advances secured by real estate	1,828,133,123	1,665,357,484
Partly secured by goods mortgage	13,019,370	13,465,464
Wholly unsecured	4,401,838	5,871,786
	1,845,554,331	1,684,694,734

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

10 Customer loans and advances (continued)

(d) Credit quality of loans

A majority of the portfolio of the loan book is secured by residential property in Tasmania. Therefore the Group is exposed to risks should the property market be subject to a decline. The risk of losses from loans is primarily reduced by the nature and quality of the security obtained, including government guarantees through the First Home Loan Deposit Scheme.

It is not practical to value all collateral as at balance date due to the variety of assets and their nature and condition. A breakdown of the quality of the residential mortgage security on a portfolio basis is as follows:

LVR less than 80%	1,575,980,511	1,443,126,894
LVR more than 80% but mortgage insured	81,751,531	79,022,419
LVR more than 80% and not mortgage insured	57,693,555	60,900,449
LVR more than 80% and government guaranteed	82,274,761	45,806,522
	<u>1,797,700,358</u>	<u>1,628,856,284</u>

(e) Assets acquired through enforcement of security

During the year B&E Ltd sold one motor vehicle via an enforcement of security, achieving net proceeds of \$14.7k (2025: nil). The underlying loan was secured and the value received in sale was insufficient for the loan balances to be fully recovered. The remaining portion of this debt was written off, amounting to \$9.3k (2025: nil)

During the prior year two residential properties were sold via an enforcement of security. The underlying loans in 2025 were secured and the value received in sale was sufficient for the loan balances to be fully recovered. The fair value of properties acquired through enforcement of security in 2025 was \$720k.

(f) Amounts arising from ECL

The loss allowance as of the year end by class of exposure/asset are summarised in the table below. Carrying values are shown exclusive of any deferred fees and/or costs.

	Gross carrying value \$	ECL allowance \$	Carrying value \$
Current year (2026)			
Residential owner-occupied loans	1,560,401,200	(24,999)	1,560,376,201
Residential investment loans	234,427,161	(2,405)	234,424,756
Commercial loans	30,432,765	(314)	30,432,451
Personal loans	14,486,807	(92,580)	14,394,227
Overdrafts/revolving credit facilities	5,805,952	(51,491)	5,754,461
Total	<u>1,845,553,885</u>	<u>(171,789)</u>	<u>1,845,382,096</u>
	Gross carrying value \$	ECL allowance \$	Carrying value \$
Prior year (2025)			
Residential owner-occupied loans	1,385,270,651	(24,618)	1,385,246,033
Residential investment loans	241,410,381	(4,083)	241,406,298
Commercial loans	36,501,200	(1,699)	36,499,501
Personal loans	15,110,527	(89,659)	15,020,868
Overdrafts/revolving credit facilities	6,401,975	(49,568)	6,352,407
Total	<u>1,684,694,734</u>	<u>(169,627)</u>	<u>1,684,525,107</u>

Notes to the Financial Statements

For the year ended 30 June 2026

10 Customer loans and advances (continued)

(f) Amounts arising from ECL (continued)

An analysis of the Group credit risk exposure per class of financial assets and 'stage' without reflecting the effects of any collateral or other credit enhancements is demonstrated in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Current year (2026)

Residential owner occupied loans
 Residential investment loans
 Commercial loans
 Personal loans
 Overdrafts/ revolving credit facilities

Total

Stage 1 12 month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
1,546,424,182	12,476,614	1,500,404	1,560,401,200
234,250,313	176,848	-	234,427,161
30,219,305	213,460	-	30,432,765
14,339,449	144,751	2,607	14,486,807
5,739,691	65,794	467	5,805,952
1,830,972,940	13,077,467	1,503,478	1,845,553,885

Prior year (2025)

Residential owner occupied loans
 Residential investment loans
 Commercial loans
 Personal loans
 Overdrafts/revolving credit facilities

Total

Stage 1 12 month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
1,369,199,689	15,538,785	532,177	1,385,270,651
239,846,845	1,563,536	-	241,410,381
36,362,708	128,432	10,060	36,501,200
14,944,981	165,546	-	15,110,527
6,359,293	41,140	1,542	6,401,975
1,666,713,516	17,437,439	543,779	1,684,694,734



Notes to the Financial Statements

For the year ended 30 June 2026

10 Customer loans and advances (continued)

(f) Amounts arising from ECL (continued)

The reconciliation from the opening to the closing balance of the allowance for credit losses is shown in the tables below.

Current year (2026)

Balance at 1 July 2025

Changes in the loss allowance

- Net movement due to change in ECL model parameters
- Other movements due to credit risk changes

Net impairment expense movements

- Write-offs

Balance at 30 June 2026

Stage 1 12 month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
152,505	10,538	6,584	169,627
-	534	750	1,284
606	6,607	41,929	49,142
606	7,141	42,679	50,426
-	-	(48,264)	(48,264)
153,111	17,679	999	171,789

Prior year (2025)

Balance at 1 July 2024

Changes in the loss allowance

- Net movement due to change in ECL model parameters
- Other movements due to credit risk changes

Net impairment expense movements

- Write-offs

Balance at 30 June 2025

Stage 1 12 month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
49,636	6,300	13,962	69,898
-	6,038	193	6,231
102,869	(1,800)	180,942	282,011
102,869	4,238	181,135	288,242
-	-	(188,513)	(188,513)
152,505	10,538	6,584	169,627



Notes to the Financial Statements

For the year ended 30 June 2026

10 Customer loans and advances (continued)

(f) Amounts arising from ECL (continued)

Accounting policy

Loan impairment

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans) ('Stage 1');
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (under-performing loans) ('Stage 2'); and
- financial assets that have objective evidence of impairment (loans in default) at the reporting date (non-performing loans) ('Stage 3').

12-month expected credit losses are recognised for Stage 1 assets, while 'lifetime expected credit losses' are recognised for Stages 2 and 3. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Grouping of similar assets

As the Group's loans are homogenous in terms of borrower type and contractual repayment terms, the portfolio is currently managed through the dissection of the portfolio arrears reports. The Group has grouped exposures into the following segments on the basis that loans within the segments share similar risk characteristics:

- Residential owner occupied mortgages;
- Residential investment mortgages;
- Commercial loans;
- Personal loans; and
- Other – representing credit cards and overdrafts.

Exposures are assessed on a collective basis in Stage 1, and on an individual basis in Stages 2 and 3.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.



Notes to the Financial Statements

For the year ended 30 June 2026

10 Customer loans and advances (continued)

(f) Amounts arising from ECL (continued)

Accounting policy (continued)

Significant increase in credit risk

At each reporting date, the Group assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If the credit risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in credit risk is observed, the asset will remain in Stage 1. Should an asset become impaired it will be transferred to Stage 3.

The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative factors. These include loans more than 30 days past due, loans with approved hardship or modified terms, and other exposures more than 14 days past due.

In assessing financial assets under the ECL model, the Group defines default as occurring when a loan obligation is 90 days past due.

Measurement of ECL

The key inputs into the measurement of ECL include the following:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

These parameters are generally derived from internal analysis, management judgements and other historical data. They are adjusted to reflect forward-looking information as described below. ECL is calculated by multiplying the EAD by the PD and LGD.

PD estimates are calculated based on arrears over 90 days and other loans and facilities where the likelihood of future payments is low. The definition of default is consistent with the definition of default used for internal credit risk management and regulatory reporting purposes. Instruments which are 90 days past due are generally considered to be in default.

Where management determines that the internal analysis does not completely quantify the risk of credit loss, management reserves the right to install an overlay provision into the ECL model. This overlay can preserve an additional provision on the basis of uncertainty that can not be accurately quantified in the model. At 30 June 2026, the Group has maintained an overlay provision of \$50k, on the basis of current uncertainty in the global economy that has not yet passed through into the expected credit loss model.



Notes to the Financial Statements

For the year ended 30 June 2026

10 Customer loans and advances (continued)

(f) Amounts arising from ECL (continued)

Accounting policy (continued)

Measurement of ECL (continued)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD percentage applied considers the structure of the loan, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, Loan to Value Ratios (LVR) are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

Where appropriate, in calculating the ECL, future cash flows are discounted at the original effective interest rate of the exposure.

Sensitivity analysis and forward looking information

The Group has calculated the ECL using a probability-weighted approach, taking into consideration the following individual scenarios across the Group's loan portfolio. The scenarios, including its underlying indicators, have been developed using a combination of publicly available data, internal forecasts and third-party information to form the base case scenario.

Base Case – the scenario was prepared using reasonable and supportable information that is relevant and available without undue cost or effort at balance date. The scenario incorporates a reasonable level of portfolio stress driven by RBA forecast unemployment rates, and allows for a degradation of personal loan security values. This scenario has been probability-weighted at 70%.

Worse than Base case – this scenario considered a deterioration of borrower's capacity to repay and expected default of borrowers, a future increase in unemployment rates, and a price shock to the property market compared to the base case. This scenario has been probability-weighted at 10%.

Better than Base case - this scenario considered an improvement in the borrower's capacity to repay and expected default of borrowers, a future decrease in unemployment rates, and an improvement to the property market compared to the base case. This scenario has been probability-weighted at 20%.



Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

10 Customer loans and advances (continued)

(f) Amount arising from ECL (continued)

Accounting policy (continued)

Sensitivity analysis and forward looking information (continued)

The results of the sensitivity analysis performed, taking into consideration a probability weighted average of each different scenario eventuating, showed that the effect was not material compared to the Group's base case allowance for expected credit losses. When reviewed with the change of parameters in March, the worse than base case risk resulted in a ECL figure of \$160k. This was still under the reported amount after factoring in the overlay provision. The Group has elected to use the weighted average approach to measure its ECL allowance at 30 June 2026.

Given the economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possibilities.

Consideration has been given to other external factors including cost of living pressures, inflation and interest rate changes and the impact that these have on the financial circumstances of borrowers. There is a level of uncertainty and volatility in the market concerning inflation and interest rate movements and further rate increases may be experienced in an attempt to control inflation which may result in reduced mortgage stress. There has been no material observable impact arising from economic conditions which we would expect to result in forward looking indicators of impairment. Potential risks in the loan portfolio are significantly offset by the loan portfolio being well secured.

The current economic environment results in some estimation uncertainty in relation to the measurement of the Group's allowance for ECL which could result in an understatement or overstatement.

11 Assets held for sale

Opening balance	8,687,500	-
Transfer from land and buildings	-	4,227,500
Transfer from investment property	-	4,560,000
Decrease/(Increase) to sale cost provision	67,816	(100,000)
Impairment of asset held for sale	(623,240)	-
Disposal of asset	(4,560,000)	-
Total assets held for sale	3,572,076	8,687,500

Notes to the Financial Statements

For the year ended 30 June 2026

11 Assets held for sale (continued)

Assets held for sale comprise of land and buildings formerly used to house the Group's corporate head office and the Launceston retail store. During the year, the Group realised all parts of the property that were previously held for investment purposes through orderly, arm's length transactions. The asset held for sale being the former corporate head office and the Launceston retail store at 87 Brisbane Street, Launceston TAS 7250, remains available for immediate sale in its present condition. Completion of the sale has extended beyond 12 months from the initial classification date due to circumstances outside the group's control, including unsuccessful sale negotiations. The Group remains committed to an active sale program and expect the asset to be fully realised through an orderly sale during the 2027 financial year and as such have appropriately classified as assets held for sale for the 2026 financial year.

The Group is progressing works to separate the retail store and former office areas, including title separation. Based on advice from the selling agent, these works are expected to broaden the potential purchaser pool and improve the marketability of the property, supporting Management's expectation of a sale during the 2027 financial year.

Accounting policy

Assets held for sale

Assets held for sale are carried at their fair value less costs to sell, being the amount expected to be received in an arm's length transaction with understanding and willing parties. The amount expected to be received in sale was derived using third party valuations and suitably qualified property sale agents.

Valuations of assets held for sale

During the 2026 year, parts of the property previously held as investment properties were fully realised in orderly, arm's length transactions for a total sale price of \$4.9M.

Elders provided an indicative market assessment of the remaining property using an income capitalisation approach, based on expected market rents for comparable properties and capitalisation rates between 7.0% and 7.5%. The assessment assumed completion of the proposed tenancy separation works and Management adopted a value of \$3.95M within the assessed range. The carrying amount of the remaining property before remeasurement was approximately \$4.23M, resulting in an initial impairment of approximately \$0.28M.

As the proposed tenancy separation works had not commenced at 30 June 2026, Management recognised a further impairment of \$0.28M, based on the estimated cost of those works, to reflect the property in its condition at the reporting date. After allowing for estimated costs to sell, the property is carried at \$3.572M at 30 June 2026.

The Directors do not believe there has been a material movement in fair value since the assessment date as the conditions prevailing at the time of the assessment are consistent with those at 30 June 2026.



Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

12 Property, plant and equipment

Plant and equipment

At cost	4,482,672	5,442,309
Accumulated depreciation	(2,808,213)	(3,755,503)
	1,674,459	1,686,806

Leasehold improvements

At cost	4,506,492	1,111,335
Accumulated amortisation	(1,078,089)	(812,186)
	3,428,403	299,149

Capital works in progress

At cost	78,293	3,376,412
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Total property, plant and equipment

5,181,155	5,362,367
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Accounting policy

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation or impairment losses.

Plant and equipment

Plant and equipment, including leasehold improvements and capital work-in-progress, is measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

Plant and equipment	2 to 15 years
Leasehold improvements	Lesser of useful life or remaining lease life

Assets costing less than \$2,000 are not capitalised.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Notes to the Financial Statements

For the year ended 30 June 2026

12 Property, plant and equipment (continued)

(b) Movements in carrying amounts

Current year (2026)

Carrying amount at beginning of year
 Additions
 Transfers between property, plant & equipment
 Disposals
 Depreciation and amortisation expense

Carrying amount at end of year

Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Work in progress \$	Total \$
-	-	299,149	1,686,806	3,376,412	5,362,367
-	-	-	-	901,038	901,038
-	-	3,407,509	791,648	(4,199,157)	-
-	-	(4,735)	(335,840)	-	(340,575)
-	-	(273,520)	(468,155)	-	(741,675)
-	-	3,428,403	1,674,459	78,293	5,181,155

Prior year (2025)

Carrying amount at beginning of year
 Additions
 Transfers between property, plant & equipment
 Revaluation decrement
 Disposals
 Depreciation and amortisation expense
 Transfer to Asset Held for Sale

Carrying amount at end of year

Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Work in progress \$	Total \$
2,500,000	2,035,226	375,887	1,919,377	74,988	6,905,478
-	-	-	-	3,479,699	3,479,699
-	-	-	177,718	(177,718)	-
(125,000)	(121,549)	-	-	-	(246,549)
-	-	-	(7,176)	(557)	(7,733)
-	(61,177)	(76,738)	(403,113)	-	(541,028)
(2,375,000)	(1,852,500)	-	-	-	(4,227,500)
-	-	299,149	1,686,806	3,376,412	5,362,367

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

13 Deposits from customers

Call deposits	633,209,606	556,807,340
Term deposits	914,205,730	876,058,573
Total deposits from customers	1,547,415,336	1,432,865,913

Accounting policy

Deposits from customers and wholesale investors

Deposits are measured at amortised cost, generally being the nominal balance outstanding to the credit of the depositor at balance date.

Concentration of deposits from customers

Tasmanian residents	1,353,501,965	1,360,379,955
Other	193,913,371	72,485,958
	1,547,415,336	1,432,865,913

The deposits above do not include any deposits from individual clients representing 10% or more of total liabilities.

14 Trade and other payables

Creditors and other liabilities	7,156,766	6,920,043
Accrued interest	18,565,767	19,699,762
Total trade and other payables	25,722,533	26,619,805

Accounting policy

Trade and other payables

Creditors and other liabilities represent the liability outstanding at the end of the reporting period for goods and services received that remain unpaid along with member payment processing clearing accounts. Balances are normally settled within 30 days of recognition of the liability.

Accrued interest is interest expense that has been recognised on an accrual basis using the effective interest rate method, but not yet charged to the deposit or payable.

15 Deposits from wholesale investors

Term deposits	229,183,940	198,540,350
Negotiable certificates of deposit	217,672,805	199,155,827
Floating rate notes	40,000,000	35,000,000
Total deposits from wholesale investors	486,856,745	432,696,177

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

15 Deposits from wholesale investors (continued)

Concentration of deposits from wholesale investors

Banks and other ADIs	221,044,296	205,172,364
Community service organisations	21,818,968	18,626,698
Commonwealth general government	1,100,000	10,832,107
Insurance corporations	4,277,616	15,729,261
Registered financial corporations	98,628,511	67,983,462
State, territory and local government	129,500,000	107,000,000
Other private non-financial corporations	10,487,354	7,352,285
	<u>486,856,745</u>	<u>432,696,177</u>

The accounting policy for wholesale deposits is included in note 13.

16 Employee benefits provisions

Accrued employee entitlements	1,483,172	1,330,253
Annual leave	1,110,206	1,080,742
Long service leave	<u>923,540</u>	<u>808,547</u>
Total employee benefits provisions	<u>3,516,918</u>	<u>3,219,542</u>

Included in employee benefits is a non-current amount of \$604,013 (2025: \$525,354) relating to long service leave.

Accounting policy

Provision for employee benefits

Provision is made for the Group's liability for employee benefits. Those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bonds, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

17 Tax

(a) Assets

Deferred tax assets comprise:

Provision for impairment	50,888	50,888
Accrued expenses not deductible until paid	292,032	313,932
Leases (net impact)	302,509	197,254
Employee entitlements provisions	610,124	566,787
Other	286,804	170,805
	<u>1,542,357</u>	<u>1,299,666</u>

Current year tax refundable comprises:

Opening balance	-	(720,428)
Add payments made in current year	-	4,225,825
Liability for income tax in current year	-	(2,998,241)
	<u>-</u>	<u>507,156</u>

(b) Liabilities

Current year tax payable comprises:

Opening balance	(507,156)	-
Under/(over) provision for tax in prior year	(115,799)	-
Less payments made in current year	(2,911,728)	-
Liability for income tax in current year	<u>3,920,275</u>	<u>-</u>
	<u>385,592</u>	<u>-</u>

Deferred tax payable comprises:

Assets held for sale	199,425	1,157,583
Other investments	-	52,208
	<u>199,425</u>	<u>1,209,791</u>

18 Leases

(a) Group as a lessee

Nature of the leasing activities

The Group leases 8 sites in Tasmania which are used as retail stores and corporate offices.

During the year, the Group entered into an arrangement for an additional leased area for the Hobart Corporate Centre. As a result of this modification, a new lease liability was recognised on 1 October 2025. A lease for the Wynyard retail store was renewed on 1 June 2026.

Terms and conditions of leases

The leases for the 8 sites in Tasmania have initial terms of between 5 and 15 years.

The leases contain an annual pricing mechanism based on CPI movements at each anniversary of the lease inception, or a fixed rate designed to estimate a CPI movement.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

18 Group as a lessee (continued)

Lease liabilities

Current

Not later than 1 year	898,566	914,257
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Non-current

Later than 1 year and not later than 5 years	2,865,610	3,159,495
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Later than 5 years	2,990,524	3,020,489
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Total lease liabilities	6,754,700	7,094,241
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Right-of-use assets

At cost	9,540,943	9,664,493
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Accumulated depreciation	(3,035,385)	(2,557,038)
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Total right-of-use assets	6,505,558	7,107,455
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Right-of-use assets

Reconciliation of carrying amounts of each class of right-of-use assets is below:

Opening balance	7,107,455	3,844,299
Depreciation charge	(719,629)	(560,367)
Additions to right-of-use assets	406,691	2,987,850
Additions to and remeasurements of make good provisions	79,376	679,845
Changes in right-of-use assets due to changes in lease liability	(368,335)	155,828
Closing balance	6,505,558	7,107,455

All right-of-use assets relate to leased land and buildings.

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below.

Not later than 1 year	928,765	931,390
Later than 1 year and not later than 5 years	3,282,444	3,468,073
Later than 5 years	6,836,032	6,942,870
Total	11,047,241	11,342,333

The Group does not face a significant liquidity risk with regards to its lease liabilities.

Extension options

A number of the building leases contain extension options which allow the Group to extend the lease term beyond the non-cancellable period. These option periods range from 1 year to 15 years across these leases.

The Group includes options in the leases to provide flexibility and certainty to the Group operations and reduce costs of moving premises. At commencement date, and at each subsequent reporting date, the Group assesses the extension options on leases.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

18 Leases (continued)

18 (a) Group as a lessee (continued)

Extension options (continued)

When it is reasonably certain that options will be exercised, the potential lease payments are included in lease liabilities. All extension periods have been included in the assessed lease term for all leases.

Statement of Profit or Loss and Other Comprehensive Income and Cash Flow Statement

The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Cash Flows relating to leases where the Group is a lessee are shown below:

Statement of Profit or Loss and Other Comprehensive Income Items

Interest expense on lease liabilities	(436,616)	(335,325)
Rental expense relating to low-value assets	(17,812)	(16,217)
Income from sub-leasing right-of-use assets	17,573	28,142

Statement of Cash Flows Items

Cash outflow for lease liability reduction (excluding interest)	(453,597)	(401,361)
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Key assumptions used in calculations

The calculation of the right-of-use assets and lease liabilities are dependent on the following critical accounting judgements:

Assessment of lease term

As discussed above, this considers extension options on a lease by lease basis.

Determination of the appropriate rate to discount the lease payments

AASB 16 requires lessees to discount lease payments using the rate implicit in the lease or, if that rate is not available, the incremental borrowing rate which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. As the Group has no implicit rates within its leases, the Group has used an incremental borrowing rate determined based on consideration of reference rates for commercial lending, lease terms and a lease specific adjustment considering the 'secured borrowing' element of the leases.

18 (b) Group as a lessor

OPERATING LEASES

Nature of leasing activities

The Group received rental income from tenants who leased part of the land and buildings owned by the Group up to the date of sale. These leases were classified as operating leases for financial reporting purposes. The underlying property assets were reclassified from investment property to assets held for sale at 30 June 2025 in the Statement of Financial Position and sold during the 2026 financial year.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

18 (b) Group as a lessor

Terms and conditions of leases

These operating lease contracts contain extension options at the right of the lessee. All contracts contain market review clauses in the event that the lessee exercises its options to renew.

The Group manages the risk associated with the underlying investment property via appropriate insurance coverage and use of real estate agents where appropriate.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income relating to operating leases where the Group is a lessor (i.e. investment properties) are shown below:

Item

Lease/rental income	277,448	380,548
Total investment property lease/rental income	277,448	380,548
Direct operating expenses	2,451	3,400
Total direct investment property operating expenses	2,451	3,400

Lease/rental income excludes variable lease payment not dependent on an index or rate.

Direct operating expenses includes repairs and maintenance arising from investment properties that generated rental income during the period.

Maturity Analysis

Not later than 1 year	-	318,821
Later than 1 year and not later than 5 years	-	84,149
Later than 5 years	-	-
Total undiscounted lease payments	-	402,970

All assets subject to lease arrangements were sold during the financial year, at which time the leases transferred to the buyer of the property. Comparative figures showed the undiscounted lease payments expected to be received after the reporting date for operating leases, which included the assets held for sale. As there are no remaining obligations there is no future maturity analysis.

FINANCE LEASES

Nature of the leasing activities

The Group is not the lessor in any arrangements assessed as finance leases.

Accounting policy

Leases - Lessee accounting

Any non-lease components included in lease agreements have been separated and are recognised as an expense as incurred.

The right-of-use asset is measured using the cost model, depreciated over the lease term on a straight-line basis, and assessed for impairment in accordance with the impairment of assets accounting policy.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

18 (b) Group as a lessor (continued)

Accounting policy (continued)

Leases - Lessor accounting

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Leases - Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

19 Borrowings

Balance at the beginning of the year	5,000,000	5,000,000
Add: Funding obtained during the year	5,000,000	-
Balance at the end of the year	10,000,000	5,000,000

Accounting policy

Borrowings

All borrowings held by B&E Ltd are Subordinated debt. Borrowings are recorded at their amortised cost using the effective interest rate method.

During the year, the Company issued subordinated floating notes to the value of \$5m for a period of ten years maturing on 30 July 2035 with an option to redeem at par value after 5 years subject to APRA approval. This is in addition to the original issue of \$5m for a period of ten years which matures on 22 October 2031, with an option to redeem after 5 years subject to APRA approval. Interest on the Subordinated debt is paid quarterly in arrears based on the 3 month Bank Bill rate plus a margin of 250-275 basis points.

The subordinated debt is a financial liability held at amortised cost.

20 Reserves

(a) General reserve

The general reserve records funds set aside for future expansion of the Group.

(b) Financial asset reserve

The financial asset reserve represents cumulative fair value movements recognised in other comprehensive income in relation to equity instruments designated at fair value through other comprehensive income under AASB 9.

During the year, the Group disposed of the equity investments previously recognised within this reserve. In accordance with AASB 9, the cumulative fair value reserve was transferred within equity to the general reserve and was not reclassified through profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

21 Segment information

The Group operates in predominantly one business and geographical segment, being the finance industry in Australia, primarily in the State of Tasmania.

22 Cash flow information

(a) Operating cash flows reconciliation

Net profit after income tax is reconciled to net cash flows from operations as follows:

Net profit	6,065,281	5,862,631
Non-cash flows in profit		
Depreciation of PPE and right-of-use assets	1,461,304	1,101,395
Disposal of property and plant and equipment	340,575	7,733
Lease interest expense - non-cash portion	-	117,790
Impairment of asset held for sale	623,240	-
Loss on revaluation of investment properties	-	155,000
Selling costs applied to assets held for sale	(67,816)	100,000
Impairment expense	50,426	288,242
Changes in assets and liabilities		
Trade and other receivables	(283,954)	43,333
Prepayments	(222,456)	(421,128)
Deferred tax	(1,253,057)	(390,352)
Employee benefits	297,376	394,191
Trade and other payables	234,723	679,707
Accrued interest - deposits	(1,134,080)	3,455,045
Current tax payable/(receivable)	892,747	(1,153,620)
	<u>7,004,309</u>	<u>10,239,967</u>
Net movement in loans and advances	(161,248,530)	(241,891,705)
Net movement in wholesale deposits	54,160,568	98,094,195
Net movement in customer deposits	114,549,423	172,020,009
Net movement in deposits to other financial institutions	(10,567,478)	(19,588,226)
Net cash flow from operating activities	<u>3,898,292</u>	<u>18,874,240</u>

(b) Credit standby arrangements

There were no standby credit arrangements in place at year end (2025: nil).

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

22 Cash flow information (continued)

(c) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

- (i) customer deposits to and withdrawals from deposit accounts;
- (ii) borrowings and repayments on loans, advances and other receivables: and
- (iii) movements in investment securities.

23 Transfer of financial assets

The Group has established arrangements for the transfer of loan contractual benefits of interest and repayments to support ongoing liquidity facilities. These arrangements are with the Tamar Trust for securing the ability to obtain liquid funds from the Reserve Bank of Australia ('RBA') in the event of a liquidity crisis. These loans are not de-recognised as the Group retains the benefits of the Trust until such time as a drawing is required. The Trust was created on 25 July 2018 and was approved by the RBA on 24 July 2018.

Only residential mortgage-backed securities (RMBS) that meet specified criteria are eligible to be transferred to the Trust.

Securitised loans retained on the Consolidated Statement of Financial Position (not de-recognised)

The values of securitised loans which are not qualified for de-recognition as conditions do not meet the accounting standards criteria are set out below. At least 98% of the loans must be variable interest rate loans, hence the book value of the loans transferred equates to the fair value of these loans. The associated liabilities are equivalent to the book value of the loans reported.

Statement of Financial Position of the Trust

Cash at bank	17,745,034	18,265,912
Intercompany receivable (securitised loans)	363,361,550	362,103,263
Other receivables	269	140
RMBS Class A and B notes	(378,500,000)	(378,500,000)
Other liabilities	(2,606,733)	(1,869,195)
Net assets	120	120

Carrying amounts of loans not derecognised as at the time of transfer

106,399,467	201,635,729
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As the loans in the Trust pool are repaid, the funds remain in the Trust until such time a top-up is required to replace the funds with additional loans to maintain the balance of the Class A notes. In the 2026 financial year, the Trust completed 4 substitutions (2025: 4), with \$106.4m (2025: \$74.1m) worth of loans sold to the Trust and the Company receiving the same value from the Trust. During 2025 there was an additional inspecie transfer of \$127.5m of additional Class A and B units to the Company.

Repurchase obligations Tamar Trust

The Tamar Trust is a trust established by the Company to facilitate liquidity requirements of APRA's prudential standards. The trust has an independent Trustee. For Tamar Trust, the Company receives notes eligible to be sold to the Reserve Bank Australia should the liquidity needs not be satisfied by normal operational liquidity. The notes are secured over residential mortgage-backed securities (RMBS).

Notes to the Financial Statements

For the year ended 30 June 2026

23 Transfer of financial assets (continued)

Repurchase obligations Tamar Trust (continued)

The Company has financed the loans and receives the net gains or losses from the Trust after trustee expenses. The Company is obliged to manage the loan portfolio in the trust and to maintain the pool of eligible secured loans at the value equivalent to the value of the notes received. The Company retains the credit risk of losses arising from the loan default or security decline and the interest rate risk from movements in market interest rates.

If a portion of the value of the portfolio in the Tamar Trust fails to meet the Trust's criteria, the Company is obliged to repurchase those loans and may substitute equivalent qualifying loans into the trust.

24 Financial risk management

(a) Risk management objectives and policies

The Group's activities expose it to a variety of financial risks including; market and interest rate risk, credit risk, liquidity risk, capital and operational risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk. The independent risk control process does not include business risk such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through the Group's strategic planning process.

The Group manages these risks on a daily basis through the operational responsibilities of Executives and Senior Management. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherences to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(b) Capital management

The Group is bound by the prudential standards as set by the prudential regulator, APRA. Under the standards governing capital, ADIs are required to hold capital equivalent to 10.25% of its risk weighted assets as measured under the relevant prudential standards. The Board has established a target capital ratio with a preferred operating range of 14.76% - 17.00%.



Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

24 Financial risk management (continued)

(b) Capital management (continued)

The Group has to date sourced capital from profits generated from the business, general reserves, asset revaluation reserves, and subordinated debt. In an organic environment, the Group will endeavour to manage its capital ratio via normal operating conditions. Those will include initiatives such as:

- Improving the Group's profitability;
- Managing the Group's asset portfolio to ensure that the Group is not over exposed in higher risk weighted assets;
- Prudent management of the Group's interest rates to ensure products are priced adequately to reflect the various levels of risk associated with the product;
- Ensure that the Group is adequately protected from market risk;
- Ensure that other risks facing the Group are effectively monitored and managed; and
- Managing the rate of growth.

The Group prepares an annual budget together with a three year financial plan. The plan includes planned growth, projected projects and financial projections for the next three years and predicts capital adequacy for each of these periods.

Management review the budgeted profit levels to ensure the Group receives a return on assets which keeps capital adequacy above internal limits.

On a monthly basis, management review actual accounting results against budgeted results. Management will also review the capital adequacy ratio on a monthly basis. Such results are provided to the Board each month.

During July 2025 the Group issued a further \$5.0m subordinated debt which provided a commensurate increase in tier 2 capital. Refer to note 19 for further details regarding this subordinated debt issue.

During the past year the Group has complied in full with all its externally imposed capital requirements. The relevant amounts at 30 June were:

Capital adequacy ratio calculation

Net tier 1 capital	112,731,038	106,741,341
Net tier 2 capital	10,164,034	5,169,126
Total capital	<u>122,895,072</u>	<u>111,910,467</u>

The capital ratio as at the end of the financial year and the past 4 years is as follows:

2026	2025	2024	2023	2022
15.17%	14.49%	15.75%	16.39%	15.51%

The capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets.

The capital ratio for financial years ending 30 June 2023 onwards are calculated using the revised APS 110 *Capital Adequacy* standard which commenced from 1 January 2023. Prior years were calculated using the previous APS 110 *Capital Adequacy* standard.

Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

(c) Market risk

Market risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group is primarily exposed to market risk arising from changes in market interest rates due to mismatches between repricing terms of financial assets and liabilities. The Group predominantly maintains an 'on book' strategy by ensuring the net difference between asset and liability maturities are not excessive. Financial instruments held by the Group do not give rise to any material direct exposure to currency or equity price risk.

The management of market risk is the responsibility of the Assets and Liability Committee.

Value at risk model

The Group monitors its interest rate risk exposure by the use of the value at risk model (VaR). VaR is a simulation model used to assess changes in the market value of financial instruments based on historical data from the past six years. It should be noted that because the VaR is driven by actual historical observations, it is not an estimate of the maximum loss that the Group could experience from an extreme market event. As a result of this limitation, the Group utilises a number of other risk measures (e.g. stress testing) and risk sensitivity limits to measure and manage interest rate risk.

The VaR that the Group measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The use of the 99% confidence level means that, within a one-day horizon, losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every hundred days.

The Group's risk appetite statement states that as a percentage of capital the Group's preferred 20-day VaR is <2%. The following table shows the VaR for the Group over different holding periods at a 99% confidence level.

2026

Holding Period	VaR at 99% confidence level	99% as a Proportion of Capital
1 Day	(284,764)	-0.23%
20 Days	(1,273,503)	-1.04%

2025

Holding Period	VaR at 99% confidence level	99% as a Proportion of Capital
1 Day	(458,940)	-0.41%
20 Days	(2,052,443)	-1.83%

Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

(c) Market risk (continued)

Interest rate exposure

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. Management periodically reviews its interest rate exposure and consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The Board has approved a policy to use interest rate swaps in order to hedge exposures should the need arise. No interest rate swaps have been utilised across the 2026 financial year (2025: nil).

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Board's objective in setting the credit risk appetite is to reduce risk to as low as reasonably practicable to achieve the desired strategic goals. The Board's risk appetite is incorporated in the Risk Appetite Statement and reflected in the Credit Risk Policy and the procedures and controls implemented to support the policy in each business unit.

Credit risk - loans

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loan is approved and close monitoring of defaults in the repayment of loans thereafter on a weekly basis. The Credit Policy has been endorsed by the Board to ensure that loans are only made to clients that are creditworthy (capable of meeting loan repayments).

The Group has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- Limits of acceptable exposure over the value to individual borrowers, non mortgage secured loans, commercial lending and concentrations to geographic and industry groups considered at high risk of default;
- Reassessing and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures; and
- Review of compliance with the above policies.

Collateral Securing Loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Group is exposed to risks in the reduction of the Loan to Value (LVR) cover should the property market be subject to a decline.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. Note 10 describes the nature and extent of the security held against the loans held as at the reporting date.



Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

24 Financial risk management (continued)

(d) Credit risk (continued)

Concentration risk - individuals

Concentration risk is a measurement of the Group's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Group's regulatory capital a large exposure is considered to exist. No capital is required to be held against these but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark, to be higher than acceptable.

The Group holds no significant concentrations of exposures to members. Concentration exposures to counterparties are closely monitored with annual reviews being prepared for all exposures over 5% of the capital base.

Concentration risk - industry

There is no concentration of credit risk with respect to loans and receivables as the Group has a large number of customers dispersed in areas of employment.

Credit Risk - liquid investments

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investee and the limits to concentration on one entity. The Board policy is to maintain counterparty limits with A1+, A1 and A2 rated institutions to maximum of 50% of capital and other A3 or unrated institutions to a maximum of 25% of capital.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk, including both on balance sheet and off-balance sheet exposure is:

On-balance sheet exposure

Cash at bank and on hand	129,124,007	116,632,325
Customer loans and advances (gross)	1,845,554,331	1,684,694,734
Investment securities	200,317,790	189,750,312
Trade receivables	1,631,991	1,348,036
Other assets	-	270,170
Total on-balance sheet exposure	2,176,628,119	1,992,695,577

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

24 Financial risk management (continued)

(d) Credit risk (continued)

Off-balance sheet exposures

Loans approved not yet funded	92,075,320	88,742,464
Undrawn overdraft and revolving credit limits	908,339	989,839
Undrawn credit card limits	7,833,731	7,751,921
Redraw facilities on term loans	187,343,383	159,211,481
Undrawn line of credit	1,671,549	1,608,942

Total off-balance sheet exposures

289,832,322	258,304,647
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Maximum exposure to credit risk

2,466,460,441	2,251,000,224
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Security held against off-balance sheet exposures

Secured by mortgage over residential property	280,164,431	248,585,214
Partly secured by goods mortgage	1,552,419	1,701,571
Unsecured	8,115,472	8,017,862
Total	289,832,322	258,304,647

(e) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by:

- continuously monitoring actual daily cash flows and longer term forecast cash flows;
- monitoring the maturity profiles for financial assets and liabilities;
- maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities;
- and
- monitoring the prudential liquidity ratio daily.

The Group is required to maintain at least 9% of total adjusted liabilities as liquid assets (Minimum Liquidity Holdings 'MLH') capable of being converted to cash within 48 hours under the APRA prudential standard 'APS 210 Liquidity'. In order to ensure compliance with the requirements of APS 210 the Group became a non-transaction RITS (Reserve Bank Information and Transfer System) member with the RBA. RITS is Australia's high-value payment system which is used by authorised deposit taking institutions (ADI's) to settle payment obligations on a real time gross settlement basis. This membership also enables the Group to enter into a repurchase (or repo) agreement with the RBA. A repo agreement is the purchase or sale of securities with an agreement to sell or buy back the securities at an agreed date and price in the future. This facility therefore ensures that the Group has the ability to liquidate MLH assets within 48 hours as required by APS 210.

Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

(e) Liquidity Risk (continued)

The Group's policy is to apply a minimum of 10.5% of funds as MLH assets to maintain adequate funds for meeting client withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this level Management and the Board are to address the matter and ensure that additional MLH funds are obtained from new deposits and available borrowing facilities.

In accordance with the Group's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

The total liquidity ratio at 30 June 2026 was 13.94% (2025: 14.43%). The MLH ratio as at 30 June 2026 was 13.18% (2025: 13.52%).

Credit Union Financial Support Scheme

The Group is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the *Banking Act 1959*.

As a member of CUFSS, the Group can access emergency liquidity funding via CUFSS drawing upon its available member-contributed funding pool (currently totaling in excess of \$1.3 million), plus additional voluntary liquidity support from CUFSS members via funds from the Reserve Bank of Australia in accordance with the terms of a "Special Loan Facility", as defined in the ISC.

Internal securitisation and RBA repurchase

Securitisation risk is the risk of potential loss associated with securitisation activities. The Group maintains an internal securitisation facility to enable it to secure funds from the Reserve Bank of Australia ('RBA'), if required, to meet emergency liquidity requirements. As at 30 June 2026, the Group held \$350,000,000 (2025: \$350,000,000) of securities available to be used for RBA repurchase to meet emergency liquidity requirements.

In accordance with *APS 120 Securitisation*, no additional capital will be held for the risks posed by the securitisation activity, as this is an internal securitisation activity. The Group remains exposed to the credit risk arising from the assets (securitised loans).

Maturity analysis of financial instruments

Monetary assets and liabilities have differing maturity profiles depending on the contractual term and in the case of loans the repayment amount and frequency. The table on the following page shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained, and is subject to change in the event that current repayment conditions are varied. Financial assets and liabilities are at the undiscounted values (including future interest expected to be earned or paid) and include any interest accrued but not yet paid which is disclosed as part of trade debtors or trade creditors. Accordingly these values will not agree to the statement of financial position.



Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

(e) Liquidity risk (continued)

Maturity analysis of financial instruments (continued)

2026	Carrying amount *	Contractual cash flows	Within 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	Later than 5 years \$	No maturity \$
	\$	\$						
Financial liabilities								
Call deposits	633,209,606	633,209,606	633,209,606	-	-	-	-	-
Retail term deposits	926,667,897	942,383,390	151,869,496	294,940,347	485,786,001	9,787,546	-	-
Wholesale term deposits	232,972,017	239,663,041	38,926,441	74,690,071	89,212,016	36,834,512	-	-
Negotiable certificates of deposit	219,667,373	221,500,000	58,000,000	112,000,000	51,500,000	-	-	-
Floating rate notes	40,195,516	42,240,829	-	539,149	41,701,681	-	-	-
Borrowings	10,124,699	15,542,652	174,137	-	549,525	2,954,473	11,864,517	-
Trade and other payables	7,156,766	7,156,766	7,156,766	-	-	-	-	-
On-balance sheet	2,069,993,873	2,101,696,284	889,336,445	482,169,567	668,749,223	49,576,531	11,864,517	-
Undrawn credit commitments	289,832,322	289,832,322	289,832,322	-	-	-	-	-
Total financial liabilities	2,359,826,195	2,391,528,606	1,179,168,767	482,169,567	668,749,223	49,576,531	11,864,517	-
Financial assets								
Cash	129,124,007	129,124,007	-	-	-	-	-	129,124,007
Trade and other receivables	292,631	292,631	292,631	-	-	-	-	-
Investment securities	201,568,629	237,490,914	56,217,980	106,693,951	11,203,976	63,375,007	-	-
Customer loans and advances	1,845,382,542	3,529,387,896	13,570,713	27,023,998	120,810,271	625,896,263	2,742,086,652	-
Total financial assets	2,176,367,809	3,896,295,449	70,081,325	133,717,948	132,014,247	689,271,270	2,742,086,652	129,124,007

* Includes accrued interest adjustment where relevant



Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

(e) Liquidity risk (continued)

Maturity analysis of financial instruments (continued)

2025	Carrying amount *	Contractual cash flows	Within 1 month	1-3 months	3-12 months	1-5 years	Later than 5 years	No maturity
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities								
Call deposits	556,807,340	556,807,340	556,807,340	-	-	-	-	-
Retail term deposits	890,368,580	902,871,781	201,490,349	252,607,529	440,700,597	8,073,306	-	-
Wholesale term deposits	202,510,263	206,878,468	36,003,236	58,197,064	96,012,798	16,665,371	-	-
Negotiable certificates of deposit	200,371,055	201,500,000	64,500,000	123,500,000	13,500,000	-	-	-
Floating rate notes	35,143,452	36,571,583	-	407,942	36,163,641	-	-	-
Borrowings	5,060,427	7,175,070	79,357	-	229,576	1,265,226	5,600,911	-
Trade and other payables	6,920,043	6,920,043	6,920,043	-	-	-	-	-
On balance sheet	1,897,181,160	1,918,724,285	865,800,325	434,712,535	586,606,612	26,003,903	5,600,911	-
Undrawn credit commitments	258,304,647	258,304,647	258,304,647	-	-	-	-	-
Total financial liabilities	2,155,485,807	2,177,028,932	1,124,104,972	434,712,535	586,606,612	26,003,903	5,600,911	-
Financial assets								
Cash	116,632,325	116,632,325	-	-	-	-	-	116,632,325
Trade and other receivables	239,300	239,300	239,300	-	-	-	-	-
Investment securities	190,813,600	192,001,969	48,359,364	119,465,197	8,460,799	15,716,608	-	-
Customer loans and advances	1,684,525,107	3,095,733,164	11,905,442	23,695,070	105,916,452	548,967,801	2,405,248,399	-
Other investments	270,170	270,170	-	-	-	-	-	270,170
Total financial assets	1,992,480,502	3,404,876,928	60,504,106	143,160,267	114,377,251	564,684,409	2,405,248,399	116,902,495

* Includes accrued interest adjustment where relevant



Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

(e) Liquidity risk (continued)

Effective interest rates and repricing analysis

The below tables detail the exposure of the Group's assets and liabilities to interest rate risk. The amount shown represents the face value of assets and liabilities. The table also includes the interest accrued impact on Term Deposits and investment securities to the reporting date.

The interest rate shown is the effective interest rate or weighted average effective interest rate in respect of a class of assets or liabilities. For floating rate instruments the rate is the current market rate; for fixed rate instruments the rate is a historical rate. The bandings reflect the earlier of the next contractual repricing date or the maturity date of the asset or liability.

2026	Weighted avg interest %	Carrying amount *	Within 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	Later than 5 years \$	Non-interest bearing \$
Financial liabilities								
Call deposits	2.09%	633,209,606	633,209,606	-	-	-	-	-
Retail term deposits	4.66%	926,667,897	151,479,873	292,537,156	473,395,715	9,255,153	-	-
Wholesale term deposits	5.05%	232,972,017	38,868,903	73,769,449	86,302,671	34,030,994	-	-
Negotiable certificates of deposit	4.96%	219,667,373	57,876,991	111,159,284	50,631,097	-	-	-
Floating rate notes	5.60%	40,195,516	-	40,195,516	-	-	-	-
Borrowings	6.44%	10,124,699	10,124,699	-	-	-	-	-
Trade and other payables	N/A	7,156,766	-	-	-	-	-	7,156,766
Total financial liabilities		2,069,993,873	891,560,073	517,661,405	610,329,483	43,286,147	-	7,156,766
Financial assets								
Cash	3.95%	129,124,007	127,188,543	-	-	-	-	1,935,464
Trade and other receivables	N/A	292,631	-	-	-	-	-	292,631
Investment securities	4.18%	201,568,629	61,305,912	135,346,237	4,916,480	-	-	-
Customer loans and advances	6.18%	1,845,382,542	1,674,290,460	3,423,669	25,748,690	141,919,722	-	-
Total financial assets		2,176,367,809	1,862,784,915	138,769,906	30,665,170	141,919,722	-	2,228,095

* Includes accrued interest adjustment where relevant



Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

(e) Liquidity risk (continued)

Effective interest rates and repricing analysis (continued)

2025	Weighted avg interest %	Carrying amount * \$	Within 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	Later than 5 years \$	Non-interest bearing \$
Financial liabilities								
Call deposits	3.14%	556,807,340	556,807,340	-	-	-	-	-
Retail term deposits	4.71%	890,368,580	200,033,882	250,106,914	432,689,438	7,538,346	-	-
Wholesale term deposits	4.67%	202,510,263	35,927,700	57,783,238	93,042,542	15,756,782	-	-
Negotiable certificates of deposit	4.26%	200,371,055	64,363,591	122,696,640	13,310,824	-	-	-
Floating rate notes	4.49%	35,143,452	-	35,143,452	-	-	-	-
Borrowings	6.44%	5,060,427	5,060,427	-	-	-	-	-
Trade and other payables	N/A	6,920,043	-	-	-	-	-	6,920,043
Total financial liabilities		1,897,181,159	862,192,940	465,730,245	539,042,803	23,295,128	-	6,920,043
Financial assets								
Cash	2.90%	116,632,325	114,989,652	-	-	-	-	1,642,673
Trade and other receivables	N/A	239,300	-	-	-	-	-	239,300
Investment securities	3.94%	190,813,600	58,291,462	124,433,325	8,044,651	44,163	-	-
Customer loans and advances	5.72%	1,684,525,107	1,643,650,049	1,730,985	10,932,450	28,211,623	-	-
Other investments	N/A	270,170	-	-	-	-	-	270,170
Total financial assets		1,992,480,502	1,816,931,163	126,164,310	18,977,100	28,255,786	-	2,152,143

* Includes accrued interest adjustment where relevant



Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

Accounting policy

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

All financial liabilities are measured at amortised cost using the effective interest method, with any gains or losses recognised within profit or loss. Additional information is included in note 31.

Classification of financial assets

On initial recognition, financial assets are classified into the following categories:

- amortised cost; or
- fair value through other comprehensive income (FVOCI).

Subsequent measurement of financial assets

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these assets are measured at amortised cost using the effective interest method, less provision for impairment. Interest income and impairment are recognised in profit or loss. Treatment of financial assets at amortised cost is included in note 31.

Loan origination fees

Loan establishment fees, discounts and other fees that are deemed to be an integral part of the effective interest rate are initially deferred as part of the loan balance and are brought to account as income over the expected life of the loan or other relevant period. The amounts brought to account are included as part of interest revenue.

Transaction costs

Transaction costs are expenses which are direct and incremental to the establishment of the loan. These costs are initially deferred as part of the loan balance, and are brought to account as a reduction to income over the expected life of the loan. The amounts brought to account are included as part of interest revenue.



Notes to the Financial Statements

For the year ended 30 June 2026

24 Financial risk management (continued)

Accounting policy (continued)

Financial assets and liabilities (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. There were no changes to any of the Group business models during the current year (2025: Nil).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.



Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

25 Financial commitments

(a) Credit commitments

The Group had binding commitments to extend credit, which are reflected as off-balance sheet exposures in note 24(d). These represent agreements to lend to a customer as long as there is no violation of any condition in the contract.

(b) Capital expenditure commitments

Capital expenditure commitments contracted for purchase of:

- Property, plant and equipment (not later than 1 year)	-	500,232
	-	500,232

There are no other capital commitments at 30 June 2026 (2025: \$500,232)

26 Related party disclosures

(a) Names of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group and members of the executive management listed below, who are responsible for the day to day financial and operational management of the Group.

The following were key management personnel of the Group at any time during the reporting period and unless indicated otherwise were key management personnel for the entire period.

Directors

Helen Galloway (Chair)
 Danny McCarthy
 Kathryn McCann
 Robert King
 Mark Nugent
 Laura McBain (from 27 October 2025)
 Scott Newton (until 27 October 2025)

Executives

Paul Ranson	Chief Executive Officer
Matthew Ciezki	Chief Financial Officer
Jillian Jetson-Shumbusho	Chief Customer & People Officer
Nicholas Bird	Chief Information Officer
Natasha Whish-Wilson	Chief Risk Officer

(b) Key management personnel compensation

The aggregate compensation of key management personnel during the year comprising amounts paid, payable or provided for was as follows:

Short term benefits	2,069,646	1,998,524
Post employment benefits	189,032	176,792
Other long term benefits	30,660	29,221
	<u>2,289,338</u>	<u>2,204,537</u>

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

26 Related party disclosures (continued)

(c) Loans to key management personnel

The Group has provided loans to a number of key management personnel. The aggregate amount of transactions in relation to these loans as at balance date are:

Loans advanced during the year	2,603,834	914,905
Loan redraws during the year	161,853	177,343
Interest and fee revenue recognised	184,476	240,425
Loan repayments received during the year	2,307,967	1,787,611
Balance of loans outstanding at year end	4,478,978	3,836,783

Key management personnel are entitled to the benefits package offered through the Group's staff benefits program on the same basis as available to all employees. There are no loans which are impaired in relation to the loan balances with any key management personnel.

There are no benefits or concessional terms and conditions applicable to close family members of key management personnel. There are no loans with close family members of key management personnel which are impaired.

(d) Deposits from key management personnel

The Group holds deposits from key management personnel. All transactions have been entered into on the same terms and conditions as those available to other members.

Total balance of deposits	1,612,367	1,561,569
Interest expense recognised	17,874	27,406

There are no benefits or concessional terms and conditions applicable to close family members of key management personnel.

(e) Other transactions with related parties

The Group and/or borrowing clients have received services from entities related to Director, Scott Newton until his retirement in October 2025. Scott Newton is CEO of KF Tas (Property Services) Pty Ltd trading as Elders Tasmania, and IPST Pty Ltd, the ownership entity controlling Elders Tasmania. During the period of Directorship, the Group leased premises and car parks from Nekon Pty Ltd via managing agent Elders Tasmania. All transactions had been entered into on terms and conditions no more favourable than those available to other suppliers.

Rent expense and car parking lease - Nekon Pty Ltd	219,925	292,704
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As at 30 June 2026 there were no amounts owing to Nekon Pty Ltd (30 June 2025: nil).

During the year the Group disposed of properties located at 87 Brisbane Street with Elders acting as agent in this sale. While agreements were entered into with Elders prior to Scott Newton's retirement, all transactions were entered into subsequent to his retirement and were not considered related party transactions.

Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

27 Auditors' remuneration

Amounts received or due and receivable by the external auditor (or related entity) of the Group (excluding GST) for:

Audit of the financial statements of the Group	137,172	121,292
Other regulatory assurance services	49,450	35,922
	<u>186,622</u>	<u>157,214</u>

Other transactions between the external auditor (or related entity) and the Group (excluding GST):

Mortgage broking commissions paid to related entity of external auditor	266	476
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All transactions have been entered into on terms and conditions no more favourable than those available to other customers or suppliers.

28 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

29 Parent entity disclosures

As at 30 June 2026, and during the financial year, the parent of the Group was B&E Ltd.

The financial results of the parent entity are:

Results of the parent entity

Profit for the year	6,065,281	5,862,631
Other comprehensive income	40,070	(172,584)
Total comprehensive income for the year	<u>6,105,351</u>	<u>5,690,047</u>

Financial position of the parent entity

Total assets	2,560,254,986	2,380,666,761
Total liabilities	2,444,962,872	2,271,479,999
Reserves	115,291,994	109,186,642

Commitments for the acquisition of property, plant & equipment and intangibles (not later than 1 year)	-	500,232
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The parent entity prepares its statement of financial position on a liquidity basis and therefore current assets and liabilities are not identified.



Notes to the Financial Statements

For the year ended 30 June 2026

30 Contingent liabilities

The Group is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, the Group may be called upon by CUFSS to contribute to emergency liquidity loans for one or more other CUFSS members up to a limit of 3% of the Groups' assets with a \$100M maximum. At balance date there has been no direction received in relation to this guarantee.

31 Fair value measurement

Net fair values - financial instruments

The aggregate net fair values of financial assets and liabilities, both recognised and unrecognised, at the balance date are as follows:

Financial Instruments	Total carrying amount		Aggregate net fair value	
	2026 \$	2025 \$	2026 \$	2025 \$
Financial Liabilities				
Call deposits	633,209,606	556,807,340	633,209,606	556,807,340
Retail term deposits	926,667,897	890,368,580	912,628,566	877,296,811
Wholesale term deposits	232,972,017	202,510,263	233,620,345	203,357,115
Negotiable certificates of deposit	219,667,373	200,371,055	219,841,229	200,508,098
Floating rate notes	40,195,516	35,143,452	40,524,453	35,437,681
Borrowings	10,124,699	5,060,427	10,124,699	5,060,427
Trade & other payables*	7,156,766	6,920,043	7,156,766	6,920,043
Total Financial Liabilities	2,069,993,873	1,897,181,160	2,057,105,664	1,886,093,742
Financial Assets				
Cash	129,124,007	116,632,325	129,124,007	116,632,325
Trade & other receivables*	292,631	239,300	292,631	239,300
Investment securities	201,568,629	190,813,600	201,840,862	190,946,949
Loans and advances	1,845,382,542	1,684,525,107	1,841,454,073	1,685,394,916
Other investments	-	270,170	-	270,170
Total Financial Assets	2,176,367,809	1,992,480,502	2,172,711,573	1,993,483,660

* Interest receivable or interest payable is included as part of the fair value of the various financial instruments.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Call deposits & term deposits

The carrying amount approximates fair value for call deposits as they are at call. The fair value of term deposits are estimated using discounted cash flow analysis based on current market rates for term deposits.

The Group has assessed its own credit risk in regards to the fair value of deposits, and has assessed that no material valuation adjustment is required based on the capital management system utilised by the Group as outlined in note 24(b).

Negotiable Certificates of Deposit and Floating Rate Notes

The fair value approximates their carrying amounts, with short-term maturities that closely match the estimated future cash flows.

Notes to the Financial Statements

For the year ended 30 June 2026

31 Fair value measurement (continued)

Recognised financial instruments (continued)

Borrowings

The carrying amount is equivalent to principal owing plus interest accrued but not paid. The fair value approximates their carrying amounts, with short-term maturities that closely match the estimated future cash flows.

Trade & other payables

The carrying amount approximates fair value as they are short term in nature.

Cash & cash equivalents

The carrying amount approximates fair value because they have either a short term to maturity or are receivable on demand.

Trade & other receivables

The carrying amount approximates fair value as they are short-term in nature.

Investment securities

The fair value of investment securities that are not traded in an active market are determined using discounted cash flow analysis with terms to maturity that match, as closely as possible, the estimated future cash flows.

Customer loans & advances

The carrying value of customer loans is net of unearned income and impairment provision for doubtful debts. The net fair value for loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio of future principal and interest cash flows), based on the maturity of the loans. The discount rates applied were based on the current applicable rate offered for the average remaining term.



Notes to the Financial Statements

For the year ended 30 June 2026

31 Fair value measurement (continued)

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Notes	Fair Value as at 30 June 2026			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets measured at fair value				
Assets held for sale	-	3,572,076	-	3,572,076
Total assets measured at fair value	-	3,572,076	-	3,572,076
Assets for which fair value is disclosed				
Financial assets at amortised cost				
Cash	-	129,124,007	-	129,124,007
Trade and other receivables	-	-	292,631	292,631
Investment securities	-	201,840,862	-	201,840,862
Customer loans and advances	-	-	1,841,454,073	1,841,454,073
Total assets for which fair value is disclosed	-	330,964,869	1,841,746,704	2,172,711,573
Liabilities for which fair values are disclosed				
Financial liabilities at amortised cost				
Call deposits	-	633,209,606	-	633,209,606
Retail term deposits	-	912,628,566	-	912,628,566
Wholesale term deposits	-	233,620,345	-	233,620,345
Negotiable certificates of deposit	-	219,841,229	-	219,841,229
Floating rate notes	-	40,524,453	-	40,524,453
Borrowings	-	10,124,699	-	10,124,699
Trade and other payables	-	-	7,156,766	7,156,766
Total liabilities for which fair values are disclosed	-	2,049,948,898	7,156,766	2,057,105,664



Notes to the Financial Statements

For the year ended 30 June 2026

31 Fair value measurement (continued)

Fair value hierarchy (continued)

Assets measured at fair value

Notes	Fair Value as at 30 June 2025			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Other investments	-	-	270,170	270,170
Assets held for sale	-	8,687,500	-	8,687,500
Total assets measured at fair value	-	8,687,500	270,170	8,957,670

Assets for which fair values are disclosed

Financial assets at amortised cost

Cash	-	116,632,325	-	116,632,325
Trade and other receivables	-	-	239,300	239,300
Investment securities	-	190,946,949	-	190,946,949
Customer loans and advances	-	-	1,685,394,916	1,685,394,916
Total assets for which fair value is disclosed	-	307,579,274	1,685,634,216	1,993,213,490

Liabilities for which fair values are disclosed

Financial liabilities at amortised cost

Call deposits	-	556,807,340	-	556,807,340
Retail term deposits	-	877,296,811	-	877,296,811
Wholesale term deposits	-	203,357,115	-	203,357,115
Negotiable certificates of deposit	-	200,508,098	-	200,508,098
Floating rate notes	-	35,437,681	-	35,437,681
Borrowings	-	5,060,427	-	5,060,427
Trade & other payables	-	-	6,920,043	6,920,043
Total liabilities for which fair values are disclosed	-	1,878,467,472	6,920,043	1,885,387,515



Notes to the Financial Statements

For the year ended 30 June 2026

2026	2025
\$	\$

31 Fair value measurement (continued)

Assets measured at fair value categorised as Level 2

Assets held for sale have been valued based on fair value less costs of sale considering similar assets, locations and market conditions. These are determined using observable inputs including comparable rental values per square meter for similar properties with similar tenant profiles. The valuation methodology used is the income capitalisation method, which is based on yields determined in recent sales for similar properties, adjusted for items such as capital expenditure required to sustain the income, added value of other non-income producing assets and present value of differences between passing income and current market income. As the assets held for sale have remained at level 2 the income capitalisation method has still been used.

Assets measured at fair value based on Level 3 in the Statement of Financial Position

Other financial assets

Balance as at 1 July	270,170	270,170
Proceeds of sale	(327,413)	-
Gain on sale	57,243	-
Closing balance - at 30 June	-	270,170

Consolidated Entity Disclosure Statement

For the year ended 30 June 2026

	B&E Ltd t/as Bank of us	Tamar Trust Repo Series No. 1
Type of entity	Body corporate	Trust
Share capital held (%)	N/A	100%
Country of incorporation	Australia	Australia
Country of tax residency	Australia	Australia
Trustee, partner or participant in joint venture	No	No

Key assumptions and judgements

Determination of tax residency

Section 295(3A) of the Corporations Act 2001 requires the country of tax residency of each entity within the consolidated entity at the end of the financial year to be disclosed. In determining tax residency, the Group has applied applicable Australian taxation legislation and relevant administrative guidance to the specific circumstances of each entity.

In determining tax residency, the consolidated entity has applied the following interpretations:

B&E Ltd

B&E Ltd is incorporated in Australia and carries on its operations, and has its central management and control, in Australia. Accordingly, B&E Ltd has been determined to be an Australian tax resident.

Tamar Trust Repo Series No. 1

Tamar Trust Repo Series No. 1 was established in Australia. Its trustee, Perpetual Corporate Trust Limited, is an Australian resident entity, and the Trust is managed and administered in Australia by B&E Ltd.

On this basis, the Trust has been determined to be an Australian resident trust estate for Australian income tax purposes. The Trust forms part of the B&E Ltd tax consolidated group, with the Group's income tax obligations recognised by B&E Ltd.

Other jurisdictions

Neither B&E Ltd nor Tamar Trust Repo Series No. 1 has been identified as a tax resident of another jurisdiction. The Group does not have foreign subsidiaries, partnerships or foreign branches requiring additional disclosure in the Consolidated Entity Disclosure Statement.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.



Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of B&E Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2026 there have been no contraventions of:

- 1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- 2) Any applicable code of professional conduct in relation to the audit.

Crowe Tasmania



David Munday
Partner
Melbourne

29 September 2026

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Independent Auditor's Report

To the Members of B&E Ltd

Opinion

We have audited the financial report of B&E Ltd (the Company and its subsidiary, 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report information contained in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Tasmania



David Munday
Partner
Melbourne

29 September 2026